

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of:	)	
	)	
Communications Assistance for	)	CC Docket No. 97-213
Law Enforcement Act	)	Public Notice 99-863

### GTE's REPLY COMMENTS

GTE Service Corporation and its affiliated telecommunications companies<sup>1</sup> hereby offer these Reply Comments in response to the FCC's Public Notice, Comment Sought on CALEA Revenue Estimates of Five Manufacturers, DA 99-863, released May 7, 1999 (the "Public Notice"). The Public Notice seeks comments on the aggregated CALEA estimates submitted by five equipment manufacturers. As stated in detail below, GTE believes that these estimates do not accurately reflect the total cost of Communications Assistance for Law Enforcement Act ("CALEA") compliance.

#### I. The Commission is Properly Considering Cost in Determining CALEA Technical Standards.

Comments submitted in response to the Public Notice are virtually unanimous in concluding that costs are a significant element the Commission

<sup>1</sup> GTE Alaska Incorporated, GTE Arkansas Incorporated, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., Contel of the South, Inc., and GTE Wireless, Products and Services, Inc., GTE Airfone Incorporated and GTE Railfone Incorporated.

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must address, not only for the J-STD-025 Core Standard, but more importantly, for any additional punch list items that the Commission deems to be within the capability requirements of Section 103 of CALEA. USTA's Comments articulate this clearly:

[S]ection 107 of CALEA requires that, in the event that an [sic] industry or technical requirements are found to be deficient, new technical standards may be established which 1) meet the assistance capability requirements of Section 103 *by cost effective means*; 2) protect the privacy and security of communications not authorized to be intercepted; 3) *minimize the cost* of such compliance on residential ratepayers; 4) serve the policy of the United States to encourage the provision of new technologies and service to the public; and, 5) provide a reasonable time and conditions for compliance with and the transition to any new standard, including defining the obligations of telecommunications carriers under Section 103 during any transition period.<sup>2</sup>

Both the J-STD-025 standard, which the Commission adopted as a "safe harbor," and the punch list items fall squarely under Section 107(b). As USTA and others point out, Section 107(b)(1) directs the Commission to evaluate the assistance capability technical requirements or standards using the five criteria cited by USTA. Under Section 107(b)(1), the assistance capability requirements adopted by the Commission must be cost effective. The FBI is plainly wrong in its interpretation that Section 107(b)(1) limits the Commission's authority to use cost as a criterion to simply choose between alternatives. The statute is clear: the Commission is to adopt new technical standards that are cost effective. Finally, GTE agrees with BellSouth<sup>3</sup> that the punch list is not required by Section

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<sup>2</sup> USTA Comments at 1. (emphasis in original)

<sup>3</sup> BellSouth Ex Parte, Affidavit by Richard C. McNealy, In the Matter of Communications Assistance for Law Enforcement Act ("CALEA"), filed May 19, 1999.

103; that the industry has properly addressed each item in the standards process; and that the punch list should be denied irrespective of the cost.

## **II. The Cost Data Submitted Underestimates the Total Cost of CALEA Compliance.**

The Public Notice (at ¶4) purports to provide an estimate of the costs for CALEA compliance for both the core standard and the punch list items by aggregating data of five manufacturers. However, the Office of Engineering and Technology ("OET") candidly concedes the limitations of the data provided. The data is not complete and does not cover the entire industry. The Public Notice lists a wide variety of items that do not match from vendor to vendor. Since the data provided by manufacturers is not comparable, aggregating the data is not reliable. The Public Notice acknowledges that revenue estimates supplied by the five manufacturers obviously do not represent all CALEA-related software and equipment revenues anticipated by these manufacturers for U.S. cellular, broadband PCS and wireline carriers.

Citing these discrepancies in the data, many commenters have argued that the costs of CALEA will far exceed these estimates. GTE agrees with this assessment. Furthermore, the OET figures substantiate the industry position: CALEA is very expensive and the punch list items only make the changes more expensive. The \$916 million price tag on the CALEA core standard application, does not include installation, training, operational support system ("OSS"), internal data networks, and other associated costs. This is nearly double the amount the Department of Justice has to spend in total. Considering that the

government must pay for CALEA upgrades for networks installed prior to 1995 and the vast majority of wireline networks were installed or deployed prior to January 1, 1995, it is clear that there simply is not enough money available for the government to pay for CALEA.

In Comments filed by USTA in this proceeding,<sup>4</sup> USTA estimated the cost to its members to be in the range of \$2.2 to \$3.1 billion. GTE agreed then and continues to agree with USTA's estimate. As GTE noted in Comments filed in the same proceeding, direct CALEA costs include OSS upgrades to permit the use and utilization of CALEA capability; internal data network costs needed to meet CALEA security and evidentiary requirements; and multiple generic software upgrades, deployed without regard to strategic or marketing business drivers, needed to configure switches to accept CALEA application software. None of these costs are reflected in the estimates used in the Public Notice.

The estimates for providing CALEA in wireless networks equally demonstrate the high cost of CALEA. CTIA (at 7) notes that its CALEA Cost Survey projects a cost of \$756,000 per wireless switch for the J-STD-025 alone. The cost of implementing J-STD-025 in the wireless industry's 829 switches equates to almost \$627 million, which is nearly double the \$348 million estimated by the OET in the Public Notice.

The revenue estimates provided by the five manufacturers are not nearly inclusive of the total costs to deploy the core standard. There is nothing in these

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<sup>4</sup> Communications Assistance for Law Enforcement Act, CC Docket No. 97-213, *Further Notice of Proposed Rulemaking*, FCC 98-282 (rel. Nov. 5, 1998)(“FNPRM”). USTA Comments at 8

revenue estimates that cause GTE to reconsider its estimated cost and there is likewise nothing in the manufacturer estimates that should change USTA's estimate. The FBI's claim that these issues are irrelevant because government is required to pay for many of these items is interesting at best. As noted above, the incomplete revenue estimates as proposed by the five manufacturers already nearly double the amount of money available to the Department of Justice, for the core standard alone. The FBI is arguing that more capability is required while operating from an overdraft position just to get the core standards.

### **III. GTE Rejects the FBI's Assertion that CALEA Costs are Overstated.**

The FBI (at 10) takes issue with GTE's estimate that compliance with CALEA would cost GTE an estimated \$400 million. The FBI suggests that this represents more than 70 percent of the cost estimated for all five manufacturers. The FBI appears to base its argument on the mistaken belief that GTE's network is comprised of equipment manufactured by the five manufacturers cited in the Public Notice. The FBI (at 9) states that the five manufacturers cover approximately 90 percent of the access lines in the United States. Contrary to the FBI's assumption, however, a significant portion of GTE's switches are manufactured by vendors not included in the Public Notice. As such, cost

estimates for approximately 50 percent of GTE's wireline switches are not included in the estimates in the Public Notice.<sup>5</sup>

Moreover, in disputing GTE's estimate, the FBI has not taken into account the specific nature of GTE's network. Specifically, GTE's wireline network has a much higher percentage of switches than other networks. With more than 1600 central offices, GTE has one of the most central office-intensive networks in the country. Each of these offices must be modified. Each office represents a separate and distinct purchase of CALEA software and hardware. Each office must be separately engineered and installed. Each of these factors adds to the cost which must be taken into account. There is no indication that the FBI took these specifics into account in challenging GTE's estimate. In fact, GTE's estimate of \$400 million accurately reflects its anticipated costs.

#### **IV. Conclusion**

For the reasons stated, GTE supports the consensus opinion that the cost data published in the Public Notice does not accurately reflect the total cost of CALEA compliance. Further, GTE disputes the FBI's assertions with regard to GTE's cost estimate. The cost estimates provided by GTE, USTA and CTIA in the record in this proceeding are reasonable. Nothing in the Public Notice undermines estimates.

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<sup>5</sup> GTE acknowledges that Siemens is one of the five manufacturers in the Public Notice survey. The Public Notice does not indicate if the Siemens estimate is for both its EWSD and DCO platforms or just for the EWSD. Even if the DCO is included in the Siemens estimate, approximately 40 percent of GTE's wireline network is still not included in the survey.

Dated: May 27, 1999

Respectfully submitted,

GTE Service Corporation and its  
affiliated telecommunications companies

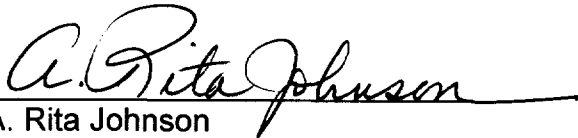
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### CERTIFICATE OF SERVICE

I, A. Rita Johnson, hereby certify that copies of the foregoing "GTE Reply Comments " have been mailed by first class United States mail, postage prepaid, on May 27, 1999 to all parties of record.

  
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